
Introduction and Overview

Summary

U.S. foreign policy and the national interest are well served by sensible investments promoting economic growth and political stability abroad. From the visionary efforts to rebuild a war-torn Europe in the wake of World War II to creating a new generation of export markets across Africa, Asia, and Latin America, foreign assistance is a vital instrument of America's international leadership.

The end of the cold war has brought profound shifts to the world's ethnic, economic, political, and technological fault lines. Since the need to contain the Soviet threat has dissipated, the United States faces major new international challenges: failing nation states, protracted civil wars, bitter ethnic disputes, humanitarian crises, and sweeping global problems such as narcotics trafficking, emerging diseases, international terrorism, rapid population growth, and widespread environmental degradation.

In this new era, the U.S. Agency for International Development is uniquely positioned to advance our national agenda and promote democratic values internation-

ally. Transitions to democratic governance and open markets have become commonplace even among the most autocratic governments and centrally planned economies. Growing economies and improvements in public health have greatly improved the quality of life in many corners of the world. Support for human rights, prevention of genocide, and rebuilding judiciaries and other institutions of civil society are increasingly important. The United States, as the lone remaining superpower, is positioned to use its foreign assistance programs to consolidate and further the dramatic gains in all these areas.

USAID's strength lies in its hands-on experience at the working level in developing nations. Whether it is fostering economic policy reform, leading immunization campaigns, or monitoring elections, USAID's resources, program experience, and technical expertise enable the United States—in conjunction with other donors—to make a lasting difference in the developing world.

Notwithstanding the importance of the Agency's mission, USAID's budget has been severely cut over the past three

years, personnel levels have been drastically reduced, and a number of overseas field missions eliminated. However, comprehensive reengineering of USAID planning and management systems has resulted in greater efficiencies, sharpened focus, and significant impact on the following U.S. foreign policy objectives.

■ **Promoting U.S. economic prosperity.** USAID directly helps create new markets abroad and jobs at home by contributing to sustainable economic growth in less-developed countries and by advancing the transition from authoritarian, state-run economies to market-based systems.

During 1996, USAID played a vital role in strengthening private sector participation, restructuring capital markets and expanding U.S. exports throughout the developing world, with emphasis on the emerging markets of **Hungary, India, Indonesia, the Philippines, and Russia**, as well as the lower-income countries of **Bolivia, Ghana, Ecuador, Honduras, Malawi, and Uganda**.

■ **Enhancing U.S. security.** USAID programs contribute to peace and stability abroad by facilitating conflict resolution

and reconciliation, aiding in the transition from authoritarian or communist regimes to democratic forms of government, promoting good governance, and enhancing global cooperation.

During 1996, USAID helped bolster the rule of law and respect for human rights in **Bolivia, Colombia, the Czech Republic, Ecuador, El Salvador, Ethiopia, Georgia, Guatemala, Honduras, Kenya, Lithuania, the Former Yugoslav Republic of Macedonia, Madagascar, Malawi, Panama, Peru, Russia, Slovakia, South Africa** and **Uganda**.

USAID supported free and fair elections in the **Dominican Republic, Ghana, Haiti, Mongolia, Nicaragua, Russia, South Africa, Uganda** and the **West Bank–Gaza**; and promoted democratic reforms and more accountable government institutions in 50 countries throughout the world.

■ **Protecting the United States against global dangers.** USAID addresses global problems that pose a direct threat to the health and prosperity of Americans, such as the spread of HIV/AIDS and other emerging diseases, air and water pollution, the loss of biodiversity, global climate change, and high rates of population growth in the developing world.

USAID programs to reduce unintended pregnancies contributed to declines in the average fertility rate in developing countries from six children per woman in the 1960s to four children per woman today.

Since 1986, USAID has led the international response to the HIV/AIDS pandemic, with financial and technical support for mass education, promotion of behavioral change, and increased condom use in 40 countries worldwide.

In 1996 USAID continued to protect biodiversity, conserving hundreds of thousands of hectares of globally significant habitat in Africa, Asia, and Central America, while mitigating global climate change through energy conservation programs in **Indonesia, Mexico, the Philippines**, and elsewhere.

■ **Preventing and alleviating crises.** USAID development programs help alleviate many of the root causes of crises, a far less expensive option for American taxpayers than responding to uncontained disasters through military operations, peacekeeping efforts, and increased humanitarian relief. When crises cannot be prevented, USAID implements relief programs to save lives and reduce human suffering, reflecting the fundamental American value of responding to those in need.

In 1996, USAID provided more than \$750 million in relief for 65 declared emergencies in

51 countries worldwide. USAID brought emergency relief to 4.2 million refugees, 7.5 million internally displaced people and 9.2 million others, in countries as disparate as **Bosnia–Herzegovina, Burundi, the Caucasus, Liberia, and Rwanda**.

USAID helped demobilize armies and train soldiers in vocational skills, restoring water, sanitation, and social services in **Angola, Bosnia, El Salvador, and Haiti**, helping those impoverished countries begin to make the transition to stable, democratic, and economic development.

Amid New Challenges Continued Progress

USAID is a learning organization, committed to analysis of program failures and continuing challenges as well as to celebration of success. Each of our country programs and each of our goal areas contains examples of the difficulties we face in trying to make a lasting impact on the lives of the poor and disenfranchised throughout the developing world. This report does not dwell on program failures, but it is careful to note that successes are always qualified by the fact that they are partial and by the realization that unless our clients and development partners help sustain them they will remain fragile and precarious.

In 1996, USAID continued to consolidate operations in Washington as well as overseas. During the past three years, the Agency has closed 26 Missions worldwide and will close additional Missions over the next year. The total USAID work force has been reduced by nearly one third since the beginning of 1993.

But the demands on our resources have not diminished.

The past three years have seen tremendous changes globally, with many poor nations in upheaval. During the past three years we have been faced with about 20 complex, or man-made, emergencies a year, compared with 3 or 4 only a decade ago—leaving a burden of 50 million displaced persons and refugees. The rash of imploding nations has placed great strains on our development budget and on the global economy itself.

Since 1993 the world's population has increased by 270 million, placing additional pressure on scarce resources and making it even more difficult for the poorest nations to strengthen the political, social, and financial institutions they need to sustain positive levels of economic growth, protect the environment, and achieve higher standards of living.

In the face of these external challenges and those presented by internal resource constraints,

USAID reengineering has focused the Agency on five strategic goals:

1. to achieve broad-based economic growth
2. to build democracy
3. to stabilize world population and protect human health
4. to protect the environment
5. to provide humanitarian assistance

Over the past year, in close collaboration with host country partners, nongovernmental organizations, international financial institutions, and other donors, USAID programs produced major contributions toward achievement of each of these goals.

1. To Achieve Broad-Based Economic Growth

Central to this goal is promoting income growth for all and especially for the poorest members of society. USAID programs help spur income growth by increasing worker productivity through basic education and technology transfer; by helping government institutions become more efficient; and by helping unleash vibrant, competitive, private markets to produce and distribute most goods and services.

USAID assistance to the poorest countries takes into account their heavy dependence on agriculture. USAID pro-

grams seek to increase agricultural productivity in order to raise incomes and food consumption standards, freeing workers to produce other goods that increase human welfare. As the country's economy becomes more diversified, low tariffs and appropriate exchange rates permit open participation in the world economy. This, in turn, acts both as a spur to efficient production and an opportunity to acquire new technology. USAID's 35 years of experience in promoting economic growth and its cadre of professional in-country staff provide the basis for collaborative approaches with host governments, international financial institutions, other donors, and private-sector firms.

In 1996, USAID achieved significant success helping developing countries strengthen markets, expand access and opportunity for the poor, and expand and improve basic education.

Strengthening Markets

USAID programs in 57 countries pursued this objective in 1996.

■ USAID played a vital role in expanding the role of the private sector through policy and regulation reform. The private sector in **Albania, the Czech Republic, Estonia,**

Hungary, Latvia, Lithuania, Poland, Russia, and the **Slovak Republic** produced more than 50 percent of gross domestic product in 1995, compared with less than 12 percent in 1989.

■ The Agency helped restructure capital markets in **India, Indonesia,** and the **Philippines,** where capital market activity doubled from 1993 to 1995, from \$5.5 billion to almost \$11 billion.

■ USAID supplied agricultural technology to lower-income countries such as **Guinea, Mali,** and **Senegal,** raising agricultural production. USAID helped **Costa Rica, Ghana,** and **Malawi** and increase exports of nontraditional agricultural products by more than 100 percent.

Expanding Access And Opportunity

USAID programs in 44 countries pursued this objective in 1996.

■ USAID supported registration of more than 256,000 land titles in **Albania, El Salvador,** and 9,500 land titles in **Honduras.**

■ In **Ecuador,** between 1992 and 1995, USAID projects benefitted 1.7 million low-income people in microenterprise development. USAID helped more than 10,000 small agricultural

producers move their produce from local to national and international markets.

■ Fourteen USAID-supported projects in countries such as **Bangladesh, Bolivia, Guinea,** and **Kyrgyzstan** provided credit to 250,000 women microentrepreneurs in Latin America and the Caribbean alone.

Expanding and Improving Basic Education

USAID programs in 22 countries pursued this objective in 1996.

■ USAID encouraged increased budgetary support for primary education, which now accounts for at least 50 percent of the education budgets in **Benin, Ethiopia,** and **Malawi.** These countries also increased nonsalary expenditures for primary education. For example, in **Guinea,** nonsalary expenditures rose from less than 7 percent of total expenditures in 1989 to 20 percent in 1995.

■ USAID assistance to the **Honduras** Ministry of Education established minimum learning objectives and provided educational materials and teacher training throughout the primary education system. As a result, test scores have risen nearly 80 percent since 1991.

■ USAID helped more than 260,000 women become literate. For example, in **Nepal**

28 percent of women are now literate, up from 22 percent in 1991.

2. To Build Democracy

Democratization facilitates informed participation by all citizens, public sector accountability, and protection of human rights. Democratic governance is inextricably linked to sustainable development. Its antitheses—autocracy, corruption, human rights abuses, exclusion of marginalized groups, disregard for the rule of law, and repression—undermine efforts to strengthen sustainable economic and social development.

Democratic governments are inherently more stable over the long run, since they institutionalize fair and transparent processes for leadership succession. Stable governments make more reliable international partners. They are more likely to advocate and observe international law and agreements. They therefore make better trading partners for the United States and good partners in the quest for world peace.

USAID programs to help establish democratic institutions, free and open markets, an informed and educated populace, a vibrant civil society, and a relationship between state and society that encourages pluralism, inclusion, and peaceful

conflict resolution—all contribute to the goal of building sustainable democracies.

To guide programming, the Agency's strategic framework establishes four strategic objectives: strengthened rule of law and respect for human rights, more genuine and competitive political processes, increased development of politically active civil society, and more transparent and accountable government institutions.

In 1996, USAID made important contributions to democratic development under each of these objectives:

Strengthening Rule of Law and Respect for Human Rights

In 49 countries USAID programs helped establish a predictable legal environment, develop independent, fair, and effective judicial systems, and strengthen human rights.

■ New or modified criminal and civil codes have been reviewed or adopted in **Armenia, Bolivia, Colombia, Czech Republic, Ecuador, El Salvador, Georgia, Guatemala, Honduras, Lithuania, the Former Yugoslav Republic of Macedonia, Panama, Peru, Russia, Slovakia, and Uganda**. Significant progress in strengthening USAID-supported public defenders programs in **Bolivia, Cambodia, El Salvador,**

Honduras, and Panama is evidenced by the increased quality of the defenders and mushrooming demand for their services.

■ USAID supported creation of human rights ombudsmen in **El Salvador, Guatemala, Nicaragua, and Peru**.

Creating More Genuine and Competitive Political Processes

USAID plays an important role in ensuring genuine and competitive political processes with programs in 35 countries.

■ USAID assistance in **Bangladesh, Benin, the Dominican Republic, Ghana, Haiti, Mongolia, Russia, South Africa, Uganda, and the West Bank–Gaza** resulted in improved electoral administration and increased competition among candidates.

■ USAID launched its global Women in Politics Program. The program gives women a chance to become more effective voters, advocates, candidates, and legislators.

Increasing the Development of Politically Active Civil Society

USAID programs in 50 countries direct their efforts to organizations engaged in or with the potential for championing democratic governance reforms.

■ In cooperation with indigenous trade unions, USAID has designed and implemented programs aimed at increasing the membership of women workers in manufacturing. As a result, labor unions in **Bangladesh, Indonesia, the Philippines, Sri Lanka, and Tanzania** have increased the number of women members by 25 percent.

USAID also has supported increased capacity of civil society to press for political reforms and to participate in policy formulation. In **Mozambique**, for example, USAID support broadened the dialog over decentralization by including more stakeholders from various sectors outside the government, including nongovernmental organizations, church groups, farmer and business associations, and traditional leaders.

Developing More Transparent and Accountable Government Institutions

USAID supports accountable governments in 50 countries, improving their ability to perform effectively and efficiently, respecting ethical standards, and consulting with their constituencies.

■ In 37 countries, USAID's approach to democratic local governance emphasizes in-

creased citizen participation, promoting empowerment for minorities and vulnerable groups, engendering greater local government responsiveness and accountability to citizen needs, improving local revenue mobilization, reducing corruption, and lessening ethnic tension and conflict.

USAID efforts not only helped develop new constitutions in countries like **Ethiopia** and **Ukraine**, but also:

- Modernized commercial law in 10 countries of Eastern and central Europe

- Established and strengthened judicial training centers in **Bolivia, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Peru, and Russia**

- Expanded public defender programs in **Bolivia, Cambodia, El Salvador, Haiti, Honduras, and Panama**

- Developed legal education programs in **Latvia, Macedonia, Peru, Romania, and Slovakia**

- Created small-claims courts and community-based mediation boards in **Colombia, Guinea-Bissau, and Sri Lanka**

- Increased female political participation and women's awareness of legal rights in **Bangladesh, Mongolia, Nepal, and Panama**

- USAID support to developing parliamentary organizations and to increasing accountability

of parliaments to citizens gives citizens greater access to the policy process and more control over the behavior of the executive branch. For example, a program in **Namibia** is helping develop the institutional capacity (particularly in constituency outreach) of the upper and lower houses, and is enhancing the capacity of nongovernmental organizations and the media to represent public interests in the formulation of policy and related legislation.

3. To Stabilize World Population and Protect Human Health

Three decades of support from USAID for population, health, and nutrition programs have contributed to reduced mortality and fertility rates in the developing world. Millions of lives have been saved. USAID's strategy for stabilizing world population and protecting human health centers on sustainable reductions in four areas: unintended pregnancies, child mortality, maternal mortality, and sexually transmitted infections and HIV transmission among key populations. The Agency's technical leadership has led to innovations, such as oral rehydration therapy, that affect health worldwide.

Programs to *reduce unintended pregnancies* have contributed to women's reproductive health. USAID's efforts have contributed to declines in the average fertility rate in developing countries from six children in the 1960s to four

children per woman today. USAID supports the Cairo Program of Action, a comprehensive vision of development adopted by more than 180 countries at the International Conference on Population and Development, held in September 1994.

We are seeing some impressive successes in Africa as well. In **Kenya**, the use of modern contraceptives has shot up dramatically, protecting 25 percent of eligible women in 1995, a 250 percent increase from 1984. In **Ghana**, looking at couple years of protection, which represents the aggregate effect of contraceptives, there has been nearly a fivefold increase from 1988 to 1995.

- USAID's Women's Reproductive Health Services Expansion project shows promising preliminary results. The project illustrates the integration of efforts in family planning and reproductive health. In Central Asia, 1994 and 1995 data from 33 project sites in four countries indicate a 58 percent increase in new contraceptive users and a 30 percent decrease in induced abortions.

1995 marked the tenth anniversary of the USAID child survival program. The program has played a vital role in preventing childhood illness and *reducing child mortality* around the world. Infant mortality rates in developing countries

(excluding China), have declined from 96 infant deaths per 1,000 live births in 1985 to 77 in 1995.

■ Following the eradication of polio in the Western Hemisphere in 1994, accomplished with USAID support, the United States launched a major global initiative in 1996 to eradicate polio worldwide.

■ USAID supported the development and testing of a new approach to the care of sick children. Analyses have confirmed that integrated management of childhood illness is one of the most cost-effective public health interventions. In 1995, USAID began worldwide introduction of the approach, which combines interventions in a single, effective package.

USAID develops new models for delivering prenatal, postpartum, and lifesaving obstetric care, and tests and adapts them during field trials. USAID-sponsored research helps validate interventions to *reduce maternal mortality*. The interventions, adopted by USAID and its partners, have begun to save mothers' lives.

■ A study of the presumptive treatment of sexually transmitted infections in pregnant women is under way in **Uganda**. Preliminary results show lower prevalence of syphilis, trichomoniasis, and bacterial vaginitis in the postpartum period for women treated during pregnancy.

Since 1986, USAID has led the international response to the HIV/AIDS pandemic. Through its support in more than 40 countries and its commitment of more than \$700 million, the Agency concentrates on *reducing the spread of HIV and other sexually transmitted infections* and on mitigating the pandemic's impact on sustainable development.

■ In the **Philippines**, the HIV infection rate is still one of the lowest in Asia. Mass media, outreach interventions, and peer counselors promote behavioral changes that reduce HIV transmission. These efforts have had an effect: the HIV seroprevalence rate among groups that practice high-risk behaviors continues to remain at the 1993 baseline of less than 1 percent.

■ Increasing condom use is a critical intervention to prevent transmission of HIV and other sexually transmitted infections. Condom sales have increased dramatically in many countries: in **Kenya**, monthly sales increased almost 20-fold during 1990–95, from 26,000 to 500,000.

4. To Protect the Environment

Careful management of natural resources is essential if investments in development are to yield sustainable benefits. Unpolluted and productive lands and waters are essential for food security and long-term economic growth. Clean air and potable water are fundamental

to the health of all human communities. Global environmental degradation ultimately threatens not only developing countries but also the economic and national security of the United States and the rest of the world. For these reasons, USAID's environmental program is vital to the achievement of the Agency's overall sustainable development goals.

In 1996, USAID made significant contributions to five environmental objectives: conserving the world's biodiversity, mitigating global climate change, improving the urban environment, encouraging environmentally sound energy services, and sustainably managing natural resources.

Conserving the World's Biodiversity

Since 1987, USAID has worked in more than 100 protected areas in 60 countries to conserve millions of hectares of globally significant habitat.

■ In **Guatemala**, USAID's work with 16,000 people living outside the Maya Biosphere Reserve, one of the Central America's most biologically rich areas, has saved 410,000 hectares of rain forest.

■ USAID helps nongovernmental organizations (NGOs) and local communities that protect biodiversity throughout Africa, Asia, and Latin America. In Latin America

alone, these NGOs contributed to more than 90 national and international environmental policy initiatives in 1995.

■ In **Madagascar**, slash-and-burn agriculture, a major threat to biodiversity, has been reduced 65 percent in one major national park, and stopped altogether in a second, following the implementation of USAID programs.

Mitigating Global Climate Change

USAID programs help reduce net emissions of greenhouse gases and, at the same time, promote economic growth and environmental management in nine partner countries.

■ A rural electrification program in the **Philippines** reduced power-line losses 3 percent, averting emission of 250,000 metric tons of greenhouse gases a year from a heavily polluting coal-powered plant.

■ In **Mexico** a high-efficiency lighting program reduced electricity costs while averting annual emissions of 118,000 metric tons of carbon dioxide.

Improving the Urban Environment

USAID assistance to 24 countries has helped improve the quality of life for millions of city dwellers.

■ Since 1980, 20 million **Egyptians** have benefited from USAID work to provide water and wastewater services to Alexandria, Cairo, and other cities.

■ With the help of a housing guaranty loan, a town in the **Czech Republic** was able to connect all of its homes to natural gas, thus giving the town its first clean winter in recent memory. The natural gas also helped bring back to productivity a brick factory idle since 1934.

■ In the **Philippines** a demonstration program in cost-effective pollution prevention has reduced the country's emission of industrial organic pollution by almost 2 percent and yielded an estimated \$30 million in annual savings to the private sector.

Encouraging Environmentally Sound Energy Services

The Agency is helping 16 countries shift to sustainable energy systems that yield economic and environmental benefits.

■ The **Indonesian** government purchased 30 wind turbines from an Oklahoma-based firm after an initial USAID investment of less than \$25,000 for a wind power demonstration project. The Indonesian purchase has yielded \$1 million in direct U.S. exports to date.

■ USAID advisers helped the **Hungarian** Energy Office develop the grid code and regulatory framework that attracted \$1.3 billion in financing for six electricity distribution companies and two generation companies in the first phase alone.

Sustainably Managing Natural Resources

USAID is helping local communities and governments in 35 countries manage their coasts, forests, fresh water, and agricultural lands more productively and with less environmental damage.

■ Throughout sub-Saharan Africa, the Agency is increasing the food security of millions of people. In food-insecure **Niger**, such techniques as planting trees for windbreaks and building water conservation ditches helped increase crop yields by as much as 50 percent,

■ In water-scarce **Morocco**, USAID assistance in passing a new water law and introducing new irrigation technologies has led to a 20 percent water saving in agriculture.

5. To Provide Humanitarian Assistance

In 1995 at least 41 million people depended on international humanitarian assistance. This is twice the number reported in 1983. Over the past decade, the number of human beings killed, injured, or otherwise affected by natural disasters and by complex political emergencies has increased alarmingly, with no sign of improvement in the immediate future. The International Federation of the Red Cross estimates that by the year 2000, the number of people affected by disasters will reach 300–500 million.

Worldwide spending on humanitarian assistance rose to \$7.2 billion in 1994, compared with \$2.7 billion in 1985. The thrust of humanitarian assistance has shifted in recent years,

reflecting the explosion of man-made, or “complex” disasters, which now surpass the cumulative destructive force of drought, earthquakes, hurricanes, volcanic eruptions, and other natural disasters. Complex emergencies accounted for 41 percent of all international disasters to which the United States and the rest of the international donor community responded in 1996.

USAID humanitarian assistance looks beyond short-term emergency relief to supporting the transition to long-term sustainable development. Our assistance is guided by the goal of “lives saved, suffering reduced, and development potential reinforced.” In 1995 and 1996 USAID played a major role worldwide in helping prevent future crises, in delivering humanitarian relief, and in helping beleaguered nations make the transition from war to lasting peace.

■ The Agency estimates this year alone it has spent more than \$756.2 million on relief for 65 declared emergencies. Some \$477 million covered PL 480 Title II emergency food aid for nearly 21 million people.

■ USAID responded to 65 declared emergencies in 51 countries. Seventeen were complex, or man-made, and 48 were natural.

Prevention: Potential Impact of Crises Reduced

The Agency monitored the potential for a 1995–96 drought in southern Africa and estimated food requirements to plan for effective and timely response. USAID has three strategies to prepare for drought and mitigate its effects: supporting policy reform to stimulate markets and create a more efficient flow of food to areas experiencing deficiencies; promoting the use of drought-resistant seeds, which have improved some groups’ ability to combat drought; and developing a regional strategy to complement USAID’s bilateral efforts.

USAID also works with other government agencies in tracking and assessing weather conditions, and shares that information with governments and regional organizations. The information, combined with visits to high-risk areas, provides the backdrop for making contingency plans and meeting the needs of vulnerable groups.

■ The Greater Horn of Africa Initiative (GHAI) held a pivotal conference in November 1996. At the conference, the member states of the Intergovernmental Authority on Development (Djibouti, Eritrea, Ethiopia, Kenya, Sudan, and Uganda)

launched the revitalized organization and issued a joint communiqué, committing themselves to working together to address conflict and food security issues.

■ Donors committed to improving coordination with members of the organization. The United States has committed to providing direct support to the subregional group in three areas: strategic planning, operational support, and capacity building. The underlying emphasis is to ensure African leadership in the process and ownership of GHAI strategies, policies, and activities. Another consideration is using regional approaches to solve problems in the Greater Horn.

■ USAID and the State Department joined forces with 10 Missions to incorporate in their strategic plans efforts to prevent future crises, link relief and development, and include long-term food security in sustainable development programs.

Relief: Urgent Needs Met

■ USAID responded to 48 natural disasters: 22 floods, 2 droughts, 2 epidemics, 2 tornados, 6 typhoons and cyclones, 6 earthquakes, 1 fire, and 1 volcanic mud slide.

■ The Agency implemented relief efforts in **Bosnia-Herzegovina, Burundi, the Caucasus, Liberia, Rwanda,** and many other countries.

■ 4.2 million refugees, 7.5 million internally displaced people, and 9.2 million others affected by emergencies received emergency food assistance

■ Owing to greater stability in **Mozambique**, 21 million people returned to their homes from October 1992 through 1995 and reestablished farms and businesses. That cut dependence on free-food aid dramatically.

Transition: Security and Basic Institutions Functioning

■ USAID helps countries make the transition from war to peace by working to restore security, demobilize the military, defuse land mines, and establish local governance.

■ In **Haiti** a major USAID initiative is under way to demobilize and train the army in vocational skills, promote community initiative, and restore social services such as water and sanitation throughout the country. Similar initiatives in **Angola, Bosnia, and El Salvador** enable people to return to normal life.

Development Linkages

■ USAID helps countries repair infrastructure, build local institutions, and provide technical and financial assistance to citizens.

■ To strengthen the link between emergency assistance and development, USAID programs increasingly include prevention, relief, and transition objectives in their long-term development planning.

Managing for Results

USAID continues to be a leading agent of change among U.S. government agencies. 1995–96 saw another year of intense internal reengineering to advance the efficiency and effectiveness of programs. Essential to successful reengineering is widespread adoption of the Agency's core values: results orientation, customer focus, teamwork and participation, and empowerment with accountability. To further these core management values, USAID during the past year has

■ issued directives to guide planning, achieving, and monitoring program performance and results

■ formulated customer service plans, sought customer involvement at the planning stage, and solicited regular customer feedback as programs were carried out

■ formed teams around program objectives to more actively engage USAID staff, partners, and customers in developing programs and activities

■ continued to seek proper degrees of increased empowerment for decision-making by staff and teams while ensuring an adequate understanding of accountability responsibilities between management tiers

Essential to managing for results is reviewing and rating performance and using that analysis for decisions on programs and resource allocation. During the year USAID

■ emphasized the requirement that program managers regularly revalidate the underlying logic of their strategies

■ continued to improve the reliability and validity of the data generated for Agencywide performance information systems

■ worked to standardize tenets of strategic planning, performance measurement, and reporting across Missions and bureaus

■ extended use of the new Results Review and Resource Request (R4) system and made this new system the basis of the annual performance and budget reviews

USAID for now must plan to manage less *with* less. Management initiatives to reconfigure staff and program during 1996–97 include

■ issuing a restructuring guide on the overseas work force establishing staff size and skills for various country program situations

■ narrowing the focus of country programs, given the reality of limited human and financial resources

■ increasing attention to ensuring that institutions and programs in graduating countries will be sustainable once assistance is phased out

USAID is sharing its field experience with reengineering through a series of publications on best practices. In 1996, the Agency published six reports from Missions in **Bolivia, Central Asia, the Dominican Republic, and the Philippines.** Two general reports cover a year of experience among country experimental labs, and planning and managing for results under reengineering.

This report highlights the challenges and achievements of fiscal year 1996, but it also discusses trends that began much earlier. To provide context and a sense of the continuity of USAID developments worldwide, the report includes some relevant information on program performance prior to 1996.

The Program Impact of Resource Constraints

The budget cuts USAID suffered in fiscal year 1995 included a 35 percent reduction in appropriations for population programs. Unprecedented restrictions on the timing of funding availability exacerbated

the situation. The damage was significant: Millions of women of reproductive age were deprived access to family-planning services and contraceptive methods. This resulted in millions of unwanted pregnancies, abortions, and unwanted births, and thousands of maternal and infant deaths.

The fiscal 1995 budget cuts reduced the Agency's ability to address increasing threats to human health worldwide, including the 750,000 new cases of AIDS contracted over the past three years. Deadly new diseases have emerged that potentially threaten all the world's peoples.

USAID funding for economic policy reform and promotion of growth has been cut in half over the last five years. This occurred just when many low-income countries in Africa and Asia, containing most of the world's 1.3 billion poor, have become much more receptive to economic reform. USAID, with adequate funding, could help reduce poverty, lower the risk of crises, enhance food security, and open potentially large markets for U.S. trade.

USAID environment programs also suffered from budget reductions. As a result, the Agency could not fully participate in multidonor programs to counter immediate environmental threats in central and Eastern Europe, could not adequately

support Indonesian efforts to protect vanishing rain forest, could not fully support host government efforts to preserve the Panama Canal watershed—the rain forest that provides the massive amounts of fresh water required for daily operation of the canal.

Budget cuts impeded USAID programs promoting democracy worldwide. The cuts threaten full achievement of local-governance activities in **Ecuador** and **Nicaragua**, undercut U.S. participation in implementation of the **Guatemala** peace accords, and endanger rule-of-law programs throughout Latin America and human rights monitoring and civil society strengthening throughout Africa.

Building Development Cooperation for the 21st Century

Coordinating Donor Assistance

USAID helped draft “Strategies for the 21st Century,” a report by the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD). The report sets global targets in poverty reduction, social development, and environmental sustainability, to be achieved by the year 2015.

USAID will play a major role in carrying out these strategies worldwide.

■ The United States led the shaping of this initiative, raising it at the 1995 high-level meeting of the OECD Development Assistance Committee (DAC). U.S. concern stemmed in large part from widespread cuts in donor funding levels.

■ USAID Administrator Brian Atwood hosted two meetings of a DAC *groupe de reflexion* on this initiative. The USAID assistant administrator for policy and program coordination represented the United States in additional meetings.

■ In May 1996 development ministers and heads of agencies of member governments debated the substance of the new initiative embodied in a draft document, *Shaping the 21st Century: the Role for Development Cooperation*, prepared by the *groupe de reflexion*. The USAID Administrator was active in forging agreement on this new consensus vision of development cooperation. OECD foreign and finance ministers endorsed the rationale and strategy at the OECD ministerial meeting. OECD Heads of State approved it at the G-7 Lyon Economic Summit.

■ The new strategy embodies many of the development objectives, approaches, and themes USAID pioneered, with

emphasis on civil society participation and local ownership of development strategies, the importance of democratic governance, environment, and fostering the role of women in development.

■ The initiative represents a dramatic shift from the traditional preoccupation with aid inputs to an emphasis on the impact and results of development programs.

■ USAID will continue to play an active part in carrying out the strategy, in devising ways to measure progress toward development targets, and in advancing awareness of the strategy among development practitioners in the United States and in multilateral development institutions.

USAID helps implement the U.S.–**Japan** Common Agenda for Cooperation in Global Perspectives, established in July 1993. The two countries have under way 26 common initiatives. They

■ Promote health and human development

■ Address challenges to global stability

■ Protect the global environment

■ Advance science and technology

■ Provide exchanges for mutual understanding.

Strengthening Partnerships

In March 1995 Vice President Al Gore announced the New Partnerships Initiative to encourage collaboration between the public and private sectors and enlist the energy, knowledge, and creativity of both governmental and nongovernmental organizations in establishing an enabling environment that permits local grassroots capacity to achieve development goals.

Robust civil society and strong society-to-society linkages are critical to the sustainability of the development process. The New Partnerships Initiative (NPI) has three components:

1. Strengthening the capacity of nongovernmental actors, small businesses and governments at the grass-roots level, increasing their professionalism, efficiency, initiative, and accountability, and increasing the transparency of their proceedings.

2. Helping develop the enabling environment of needed policy, legal, and regulatory reforms, which guarantee basic human rights and promote effective and democratic government.

3. Developing linkages and partnerships between USAID and a broad range of public and private sector development

partners at the local level. The objective is to incorporate the initiative into all USAID program planning and implementation. A number of pilot activities are already under way.

■ Seven NPI “leading-edge Missions” embody the full range of NPI activities and closely monitor NPI performance. These Missions are **Bangladesh, Bulgaria, Guinea, Haiti, Kenya, Philippines, and Zambia.**

■ Six NPI “partner Missions” participate with lower levels of investment: **Ecuador, Indonesia, Madagascar, Panama, Romania, and Russia.**

USAID/**Bulgaria** has developed a comprehensive approach, working to develop private enterprise, strengthen civic action groups, and improve management of municipalities.

USAID/**Haiti** is training mayors and community groups in problem-solving.

USAID/**Zambia**, in partnership with the International Executive Service Corps, is linking volunteers from the international business community with Zambian small and medium enterprises as well as promoting policy reform to improve the environment for private sector development.


The Leland Initiative: Africa GII Gateway Project

Vice President Gore launched the initiative in mid-1995. It seeks to bring the benefits of the global information revolution to the people of Africa, through connection with the Internet and other Global Information Infrastructure technologies. It is the core element of the USAID Africa strategy, “Empowering Africans in the Information Age.”

USAID will provide financial, technical, training, and policy support for African countries interested in creating a national Internet gateway. The Agency will provide technical support, following initial technical assistance in equipment installation and configuration and training in the technology. By providing access to information, the project aims to enhance Africans’ ability to find solutions to African problems. It also seeks to promote private sector enterprise and partnerships between public and private sector entities and encourage training in state-of-the-art technologies.

Actions under way include the following.

■ Agreements signed by the **United States and Madagascar, Mali, Mozambique, and Rwanda**



For example, the agreement with Mozambique calls for USAID to train regulatory authorities in the policy and regulatory implications of the Internet; make recommendations for marketing the Internet; conduct an inventory of existing data communications hardware and software; design a national network and prepare a plan for operation, management, and maintenance; recommend a fee structure for access to the Internet, and prepare a profitability analysis for the first two years.

■ Negotiations concerning new agreements under way in **Benin, Côte d'Ivoire, Eritrea, Ethiopia, Ghana, Guinea-Bissau, and Kenya**

■ Country assessments and implementation plans prepared for **Benin, Botswana, Côte d'Ivoire, Ghana, Madagascar, Mali, Mozambique, and Zambia**

■ Best practices paper has been published

■ Leland Initiative web site is posted and regularly updated in English and French (www.info.usaid.gov/regions/afr/leland)

Advancing the Role of Women

Female education, employment, and empowerment are critical to achieving sustainable economic growth, population stabilization, and improved health, environmental protection, and democratic governance.

USAID will continue to target scarce program resources for these issues. The Gender Plan of Action calls for

■ Modifying USAID strategic objectives to reflect the central role of women in development

■ Revising personnel evaluation procedures so that USAID employees are rated on their attention to gender issues

■ Making available to USAID employees information and resources to strengthen their knowledge of gender issues

■ Developing guidelines to require potential USAID grantees and contractors to demonstrate their ability to address gender issues

■ Requiring field Missions to establish indicators and collect data to measure the impact of USAID programs on the social and economic status of women

